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FIRST COUNTRY COOPERATION FRAMEWORK FOR MALTA (1997-1999)

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INTRODUCTION

1. This country cooperation framework (CCF) describes the agreed strategy and areas of focus for use of UNDP-managed resources during 1997-1999. In the absence of a UNDP Country Office in Malta, the Regional Bureau for Europe and the Commonwealth of Independent States (RBEC) undertook several missions in 1996 and 1997 to prepare this CCF in joint consultation with the various parts of the Government, private sector and civil society. The process linked to the preparation of the first National Human Development Report for Malta in 1996 was of vital importance for identifying the current topics related to human development in the country.

2. This CCF will be the last for Malta, which is in transition from recipient to donor nation. No new funds are being allocated for the cycle by UNDP. The current CCF describes activities which will be carried out with the remaining funds carried over from the fifth cycle, and with cost-sharing provided by the Government.

I. DEVELOPMENT SITUATION FROM A SUSTAINABLE HUMAN DEVELOPMENT PERSPECTIVE

3. The Maltese Islands, which consist of the islands of Malta, Gozo and Comino, are located in the Mediterranean Sea, approximately 100 kilometres south of Italy. The population is estimated to be 370,000, on an area of 316 square kilometres. Malta, which by constitution is a liberal parliamentary democracy, became independent from British rule in 1964.

4. With no indigenous raw materials and a very small internal market, the economy of Malta has been based on the promotion of labour-intense, export-oriented industries and tourism. The Maltese economy has shown strong growth since the mid-1980s, achieving an average growth in annual per capita income of 5 per cent. In 1995, the economy registered a robust growth of 6.5 per cent in real terms; the budget deficit was 3.4 per cent, inflation was 3.9 per cent, and public debt was approximately 35 per cent of gross domestic product. As stated in the 1996 global Human Development Report, Malta has a human development index (HDI) of 0.886, ranking 28th out of 174 countries, and a real GDP per capita of $11,570 (in purchasing power parity dollars). Malta is now considered to be a net contributor country which can play a pivotal role in technical cooperation among developing countries (TCDC).

5. The proportion of registered unemployed has recently sunk to record lows, and there is practically full employment. The services and manufacturing sectors employ the bulk of the labour force, while agriculture and fishing play a very minor role, engaging only 2 per cent of the total labour force.

6. The European Union countries presently account for about 75 per cent of imports and exports, 80 per cent of tourists and the bulk of foreign investments. In political terms, Malta simultaneously maintains close links with European countries and with the non-European Mediterranean countries, acting as a bridge between these regions.

7. During the recent period of rapid growth, the economic wealth created has been distributed among the Maltese population in an increasingly equitable manner. As a result of full employment, poverty hardly exists in Malta. Approximately 38.4 per cent of total budgetary expenditure in 1996 was allocated to health, social services and social security. Medical and health care of a high standard, including assistance to the elderly, is provided by the State and complemented by growing private services.

II. RESULTS AND LESSONS OF PAST COOPERATION

Patterns of external development assistance

8. Since 1978, Malta has benefited from four Financial Protocols with the European Union. The total amount of the four Protocols (1978-1998) is ECU 138.5 million, of which ECU 41 million were grants, ECU 12.5 million were soft loans, and ECU 85 million were loans from the European Investment Bank. Additionally, the country is participating in special programmes of the EU such as Med Campus, Med Media and the Local Initiative Facility for Urban Development LIFE. In terms of bilateral assistance, Italy is providing financial, economic and technical assistance to Malta amounting to 250 billion lire for the period 1995-2000.

The role of the United Nations system

9. The activities of United Nations organizations have been rather limited in Malta. A number of small projects concentrating on provision of advisory services have been implemented under the auspices of the United Nations Industrial Development Organization (UNIDO), the United Nations Environment Programme (UNEP), the World Intellectual Property Organization (WIPO) and the United Nations Educational, Cultural and Scientific Organization (UNESCO).

10. The International Institute on Aging was established in Malta in 1988 to facilitate the implementation of the International Plan of Action on Aging, particularly through training, research and data collection, information exchange, technical cooperation, and publications. The International Maritime Law Institute of the International Maritime Organization, operational since 1988, offers post-graduate courses in maritime law. The Regional Maritime Pollution Emergency Response Centre for the Mediterranean Sea operates within the framework of the Mediterranean Action Plan and under the auspices of the Regional Seas Programme of UNEP.

The role of UNDP

11. UNDP has been providing assistance to Malta since 1964. Currently, Malta is a net contributor providing an annual voluntary pledge.

12. During the fifth cycle, UNDP's assistance was concentrated on providing support to large-scale public-sector reform programmes, with the main thrust on organizational development of the public sector and promotion of information technology. Under this heading, UNDP approved three projects financed from the

indicative planning figure (IPF). In addition, the Government complemented the available resources with cost-sharing on a project-by-project basis.

Lessons learned

13. While national execution was the prevailing modality for project execution and implementation during the fifth cycle, some disruption of programme implementation activities occurred, mainly because of the change in execution modality from agency to national execution without supporting guidance and training of the project personnel in the use of this modality. In the absence of a Country Office, therefore, UNDP should direct attention to training of national personnel, and to supporting the executing and implementing agencies during the coming cycle.

14. It is also recommended that special attention should be given to monitoring and evaluation of the programme, particularly in terms of the content and impact of the projects.

15. The implementation of all operational projects (MAT/89/003 - Transfer of Knowledge through Expatriate Nationals (TOKTEN); MAT/90/501 - Assistance to the Management Systems Unit; MAT/96/002 - Capacity-building of the Central Office of Statistics; and MAT/96/003 - Development of a Specialized Information System) will continue in the sixth cycle. Additionally, the available carry-over has already been fully committed.

III. PROPOSED STRATEGY AND THEMATIC AREAS

16. In view of the current development situation and the lessons learned from past experience, the main objective of UNDP's cooperation with Malta will be to support the country's efforts towards achieving full donor status, employment generation, gender balance, and more environmentally sound economic development. UNDP will thus provide assistance to a few crucial Government priority areas which have received limited funding and are compatible with UNDP's sustainable human development (SHD) mandate. These areas of concentration, which have also been selected on the basis of UNDP's comparative advantages and strengths, include:

(a) Environment;

(b) Private sector development;

(c) Support to vulnerable groups; and

(d) Technical cooperation among developing countries (TCDC).

17. Additionally, a small reserve of funds will be allocated for Malta's participation in UNDP's regional programme activities. The areas have been selected on the basis of Malta's development priorities, as well as the comparative advantage of UNDP's services and expertise. The availability of highly-developed domestic skills and resources infrastructure has been taken into consideration, and the assistance of UNDP is exclusively targeting areas in

which building of national Maltese capacities can still be supported. In all areas, special consideration will be given to incorporation of TCDC activities in all projects.

A. Environment

18. The environment of a densely populated island is fragile and vulnerable. Activities related to the protection of the environment have been dispersed and unregulated. An insufficient information base and inconsistent data collection have hampered any in-depth environmental impact analysis or monitoring. In particular, monitoring of atmospheric, marine and coastal pollution has not received adequate attention thus far. The rapid urbanization of the Maltese islands has placed the protection of the natural environment and local terrestrial-marine ecosystems, as well as reduction of pollution, high on the national agenda. Since 1990, a number of legal acts related to protection of the environment have been enacted in this sector. However, despite the attention the Government is giving to this sector, the institutional framework still requires strengthening. The bulk of UNDP's resources will be allocated to support capacity-building for environmental management and environmental protection in Malta.

19. The planned activities will focus on: (a) improving the legal framework for environmental protection and management; and (b) strengthening the national framework through support for institutional and human resources development. The management of these activities will be done by the Ministry of Foreign Affairs and the Environment. Formulation of the activities will be carried out in close coordination with the RBEC regional programme on environment.

20. Success criteria for this area of concentration include: (a) appropriate legal framework for environmental protection; and (b) improved national institutional capacities and human resources in the area of environmental management and protection.

B. Private sector development

21. Malta's manufacturing sector can be divided into two types of industries: foreign-owned subsidiaries producing goods and services for export and a limited number of large Maltese-owned companies in the construction, food and beverages sectors; and indigenous Maltese manufacturing industries mainly operating in the local market. The indigenous manufacturing sector in Malta consists of micro- and small enterprises producing exclusively for the local market and employing more than 37 per cent of the labour force in the manufacturing sector as a whole. The indigenous industries play a key role in the Maltese economy, and contribute approximately 25 per cent of GDP. The majority of micro- and small enterprises are found in the wood and furniture, textiles and clothing, food and beverage, and metals, machinery and transport equipment sectors. The competitive disadvantage of the Maltese manufacturers is the lack of indigenous raw materials. Additionally, their competitiveness is considerably affected by poor quality control, product design and marketing knowledge, lack of capital investment and shortages of skilled labour.

22. Since the Government's major priority is to encourage the development of the domestic micro- and small enterprises sector, thereby contributing to the opening up of the economy, decreasing dependency on foreign investment and creation of employment, UNDP's assistance will be towards the development of the domestic small and medium-sized enterprise sector. The assistance to this sector will be concentrated on supporting the establishment and operation of well-functioning national support institutions to help create and strengthen small and medium-sized enterprises. The activities will be managed under the auspices of the Ministry of Industry and the Malta Development Corporation.

23. The success criteria for this area of concentration include: (a) SME-support institutions operating in Malta; and (b) increased number of domestic micro and small industries and enterprises established.

C. Support to vulnerable groups

24. Traditionally, the role of women has been circumscribed by the private sphere, in which women were legally and culturally subservient to men. During the past two decades, many laws have been enacted to redress this imbalance and to give new opportunities to women. Despite these gains in political and economic rights, however, social and cultural attitudes and practices still inhibit the majority of women from attaining equal treatment in the workplace and in the home.

25. Recent gains for women have been seen in educational attainment and in the workforce. In terms of education, female enrolment patterns have improved rapidly, and presently women constitute approximately 50 per cent of the student population at the tertiary level. During the 1980s a radical increase occurred in the number of females joining the labour force, raising their participation to 30 per cent of the formal labour force.

26. Since enhancement of women's involvement in the Maltese society is one major concern of the present Government, UNDP's substantive and financial support in this area is considered to be of vital importance, and therefore it has been decided to use a part of the available resources to assist the Government in upgrading the national machinery for the advancement of women. The activities will focus on the creation of a sufficient institutional and legislative framework. The activities will be administered by the Parliamentary Secretariat placed in the Prime Minister's Office, and will be planned in close cooperation with the RBEC regional programme on gender in development.

27. The success criteria for this area of concentration include: (a) efficient national machinery for women which will plan and implement policies in the area and in order to contribute to the advancement of women in Malta; and (b) a legal framework to ensure gender equality.

D. Technical cooperation among developing countries

28. During the past two decades, Malta has accumulated a base of well-established technical know-how and sophisticated skills in various sectors.

Since the Government attaches great importance to transfer of Maltese skills and technical know-how to the countries of the South and in particular to countries in the Eastern European region, Malta has already been identified as one of the pivotal countries for TCDC.

29. It is foreseen that TCDC-related activities in various sectors will expand during the sixth cycle, and will constitute the main thrust of UNDP's operational activities by the end of the cycle. Activities in this area will be coordinated in close cooperation with UNDP's Special Unit for Technical Cooperation among Developing Countries.

30. Success criteria for this area of concentration include: (a) exposure of Maltese experts to multilateral development cooperation; and (b) increasing use of Maltese institutions in the framework of UNDP's TCDC-related activities.

IV. MANAGEMENT ARRANGEMENTS

Execution and implementation

31. National execution will continue to be the principal modality for UNDP-assisted projects in Malta. The Multilateral Affairs Department of the Ministry of Foreign Affairs and the Environment will retain responsibility for the coordination and implementation of project activities. The United Nations specialized agencies, and the United Nations Office for Project Services in particular, will also be utilized as cooperating agencies as required. The use of implementation modalities such as TOKTEN, and particularly TCDC, is also envisaged.

Monitoring and evaluation

32. All projects will be subject to continuous joint monitoring by the Ministry of Foreign Affairs and the Environment and by UNDP. Projects will submit annual Progress and Performance Evaluation Reports, terminal reports at the end of the project, and technical reports as required. Additionally, any specific reporting requirements stated in the project documents will be met by the project personnel. All projects will be subject to regular monitoring visits and tripartite review meetings.

Resource mobilization

33. In view of the very limited UNDP resources available for programming activities in Malta, particular attention will be given to the Government's continuing efforts to provide cost-sharing to the programme when possible.

Management support

34. The RBEC Regional Service Centre will provide support to project formulation and monitoring as well as financial management and accounting, as required. Relevant training will be given to national project personnel to ensure that the UNDP requirements on project accounting and reporting are being met.

Annex

RESOURCE MOBILIZATION TARGET TABLE FOR MALTA (1997-1999)

(In thousands of United States dollars)

Source	Amount	Comments
UNDP CORE FUNDS		
Estimated IPF carry-over	625	
TRAC 1.1.1	-	Assigned immediately to country.
TRAC 1.1.2	0 to 66.7 per cent of TRAC 1.1.1	This range of percentages is presented for initial planning purposes only. The actual assignment will depend on the availability of high-quality programmes. Any increase in the range of percentages would also be subject to availability of resources.
SPPD/STS	-	
Subtotal	625[a]	
NON-CORE FUNDS		
Government cost-sharing	80	
Sustainable development funds	-	
Third-party cost-sharing	-	
Funds, trust funds and other	-	
Subtotal	80	
GRAND TOTAL	705[a]	

[a] Not inclusive of TRAC 1.1.2, which is allocated regionally for subsequent country application.

Abbreviations: IPF = indicative planning figure; SPPD = support for policy and programme development; STS = support for technical services; and TRAC = target for resource assignment from the core.